

**TREASURY - GENERAL**

**STATE INVESTMENT COUNCIL**

**Money Market Funds**

**Proposed New Rules: N.J.A.C. 17:16-37**

Authorized By: State Investment Council, Peter A. Langerman, Acting Director,  
Division of Investment

Authority: N.J.S.A. 52:18A-91

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2003-174

Submit comments by July 4, 2003 to:

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The agency proposal follows:

Summary

The Division's Cash Management Fund permits account holders to initiate deposits and withdrawals at any time up to 1:00 p.m. each business day. In the past, all funds have been effectively invested; however, difficulties have been encountered recently in investing funds received in the early afternoon period close to the 1:00 p.m. cutoff. This difficulty is primarily attributable to the smaller number of active issuers in the commercial paper market. Therefore, investing in other institutional money market funds that have deposit cutoffs of 1:00 p.m. or later

is an attractive option. The ability to use such funds as a “stop gap” measure for late cash deposits would provide for more

effective management of the Cash Management Fund. Because the Division is providing a 60-day comment period on this notice of proposal, this notice is exempt from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.

#### Social Impact

There shall be no social impact from the proposed new rules.

#### Economic Impact

The ability to invest in institutional money market funds will provide the benefit of added earnings to the many State agencies and instrumentalities, municipalities and school districts that otherwise would be lost when not invested in accordance with the provisions of N.J.A.C. 17:16-61.

#### Federal Standards Statement

A Federal standards analysis is not required because the investment policy rules of the Division of Investment are under the auspices of the State Investment Council, and are not subject to any Federal requirements or standards.

#### Jobs Impact

The State Investment Council and the Division of Investment do not anticipate that any jobs will be generated or lost by virtue of this proposed new rules.

#### Agriculture Industry Impact

The proposed new rules shall have no impact on the agriculture industry.

### Regulatory Flexibility Statement

A regulatory flexibility analysis is not required, since the proposed new rules impose no requirements on small businesses as the term is defined in the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., but regulates only the Director of the Division of Investment.

### Smart Growth Impact

The proposed new rules are not anticipated to have an impact on the achievement of smart growth and implementation of the State Development and Redevelopment Plan.

Full text of the proposal follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

## **SUBCHAPTER 37. MONEY MARKET FUNDS**

### **17:16-37.1 Permissible investments**

(a) **Permissible investments include money market funds which invest primarily in money market securities authorized pursuant to N.J.A.C. 17:16-11 and 17:16-31 through 36 and are in compliance with Rule 2a-7 under the Investment Company Act of 1940 as promulgated by the U.S. Securities and Exchange Commission.**

(b) **The Director shall submit a list of money market funds to the Council for its approval. Such list may be amended or enlarged from time to time subject to the Council's approval and shall be designated the "Approved List of Money Market Funds."**

(c) **The Director shall only select money market funds from the "Approved List of Money Market Funds."**

### **17:16-37.2 Other limitations**

(a) **The Director may purchase money market funds for any fund, including the State of New Jersey Cash Management Fund.**

**(b) Not more than 10 percent of the book value of any fund shall be invested in money market funds.**

**(c) The total amount of shares or units purchased or acquired of any one money market fund shall not exceed five percent of the shares or units outstanding.**

### **17:16-37.3 Legal Papers**

**(a) Prior to any commitment to purchase shares or units in a money market fund described in this subchapter, the Director shall have obtained:**

- 1. A prospectus describing the issue; and**
- 2. The most recent annual and semiannual reports for the money market fund.**

SUBCHAPTERS [37] 38 THROUGH 40. (RESERVED)